

FINANCE

Payroll

Payment for Summer School, Curriculum Development, and Other Temporary Assignments

This regulation supersedes Regulation 5640.8.

I. PURPOSE

To ensure that all payments for wages or personal services to Fairfax County Public Schools (FCPS) employees for full-time, summer school, and other temporary assignments comply with Internal Revenue Service (IRS) definitions, tax withholding, and reporting guidelines. To communicate IRS definition of who must be considered an employee and who may be considered an independent contractor. Representative examples of temporary assignments are: Receiving or selling tickets, opening new schools, announcing or keeping score at school events, conducting in-service workshops, providing contract course instruction, performing grant-funded extracurricular activities, developing curriculum, camps, clinics, and after-school student-paid classes. Fairfax County Public Schools employees working in a school facility will be paid by FCPS, not by a third party.

II. SUMMARY OF CHANGES SINCE LAST PUBLICATION

Section IV.B., paragraph 1, updates the procedure through which independent contractors receive compensation.

III. BACKGROUND

FCPS is subject to and complies with IRS payment classifications, tax withholding, and reporting rules. IRS payment and taxation rules are general and all-encompassing. Any exception to IRS general rules must be specifically authorized via IRS regulation. If a situation, scenario, or classification is not specifically exempted by IRS regulation, the general IRS rule applies. Employees, not FCPS, bear the burden of proof.

FCPS must determine who is an employee and who is not, using IRS guidelines. An individual may not waive employee status, nor can status be removed by contractual agreement between the worker and the employer. The source of funds is not a factor in determining employee status. The length of employment has no bearing on the determination of employee status. If a worker qualifies as an employee under IRS guidelines, his or her rate of pay must be set in accordance with the division's established salary schedules and pay rates.

IV. DEFINITIONS

A. Employee Defined

Any individual who has received a payroll payment, has an active record in the Department of Human Resources system, or has retired from active service with FCPS during the calendar year is considered an employee. In addition, any individual who does not meet one of the two tests in section IV.B. must be paid as an employee through the payroll system. All employee compensation, provided in whatever form, is taxable unless specifically excluded by IRS regulation. Employee compensation is subject to tax withholding and is reported to the IRS on form W-2.

See Attachment B for additional examples of representative IRS criteria to determine employee status.

B. Independent Contractors Defined

|| An independent contractor may receive compensation for services by establishing a purchase requisition in iCASPS. Such payments are not subject to employment and income tax withholding and are reported to the IRS on form 1099.

Individuals defined as employees may be paid as independent contractors for miscellaneous additional (extracurricular) services performed for FCPS if either of the conditions listed below is satisfied.

1. The individual is customarily engaged in an independently established trade, occupation, profession, or business and has an FEIN (federal employee tax identification number—not Social Security number) or a business license.
2. The individual provides evidence that the services performed for FCPS are held out to the general public, and the individual works with little or no direct supervision in establishing the work plan and setting the hours.

V. EMPLOYMENT AND RATE OF PAY FOR PERSONNEL IN TEMPORARY ASSIGNMENTS

A. The Department of Human Resources shall govern hiring requirements for all Fairfax County Public Schools employees. The appropriate office in the Department of Human Resources authorizes employment of personnel, and an employment record must be added to the automated human resources system before an employee can be paid. The rate of pay for temporary hourly bands shall be set by the Department of Human Resources.

B. Summer School Assignments

1. Persons applying for summer school teaching or instructional assistant positions must complete form HR-410 and submit the form to the Office of Employment Services, Department of Human Resources. Information from this form shall be

used to authorize employment and payment for a specific position. For information on summer school employment and salaries, refer to the current versions of Regulation 4235 and Notice 4235.

C. Temporary Assignments

1. Temporary assignments are typically paid using one of the hourly pay bands assigned by the principal or program manager. Form HR-7 (Temporary Assignment Pay Authorization) must be completed and signed by the program manager when a contracted employee is working in a temporary assignment that entitles him or her to the same hourly pay that he or she receives in his or her regular position. This form is located at http://fcpsnet.fcps.edu/it/offices/eis/doc_mgmnt/information/forms.shtml and is to be submitted to the Office of Salary Services, Department of Human Resources. For information on temporary assignment pay authorization, and hourly pay bands for current employees, refer to the current version of Regulation 4310.

VI. PAYMENT PROCEDURES

- A. All payments to individuals classified as employees shall be made through the automated human resources system. Such individuals shall not be paid, even for incidental work performed, directly from school activity funds or any other funds.
- B. The usual FICA rates shall apply. Federal and state taxes will be based on the employee's individual tax status. Any changes in tax rates become effective January 1 of each year. Questions regarding current year rates should be addressed to the Office of Payroll Management (571-423-3500).
- C. Payments for temporary assignments for employees who are paid biweekly are made on the same schedule as regular pay. Payments for temporary assignments for employees who are paid monthly are made either one month after the month in which the work was performed or, in some cases such as athletic or academic supplements, on a predefined schedule.
- D. Time and attendance for employees in temporary assignments shall be entered through the computers at the work site. Form FS 73-42 (Time Report for Temporary Assignments) must be completed and signed by the program manager or administrative designee and kept on file at the work site for five years.

VII. TEMPORARY ASSIGNMENTS CHARGED TO SCHOOL ACTIVITY FUNDS

All payments to individuals classified as employees shall be made through the human resources system. (See definition of employee in section IV.A.). The steps for initiating payment are outlined below:

- A. Submit Temporary Assignment Authorization, Form HR-7, to the Office of Salary Services.

1. If an individual classified as an employee will be paid at his or her regular per diem rate (e.g., extended workday or workyear assignment), an HR-7 form is required to add a special record.
2. If the individual currently has an active special record in the human resources system, does not qualify as an independent contractor, and will be paid at one of the predefined temporary hourly band rates, an HR-7 form is not required. The appropriate number of hours should be reported on the appropriate temporary hourly band position.
3. If an individual does not currently have an active special record in the human resources system, does not qualify as an independent contractor, and will be paid at one of the predefined temporary hourly band rates, contact the Office of Employment Services to hire the individual as an FCPS employee. An HR-7 form is required.

B. Submit Payment to Financial Services From Nonappropriated Funds or an Activity Fund.

1. Calculate employer FICA using the attached work sheet.
2. Complete revenue deposit memo, form FS-133, Revenue Deposits and Expenditure Credits, located at <http://fcpsnet.fcps.edu/it/records/forms/fs133.pdf>. This form can be accessed only by computers on the FCPS intranet.

Use two lines as follows:

Gross payment amount—use school or office index, subobject 3002.

Employer FICA amount—use school or office index, subobject 3520.

3. Attach check from the activity fund to memo. Check amount should equal the gross payment plus the employer FICA.
4. Submit revenue memo and check to the Department of Financial Services, General Accounting Section, Fourth Floor, Gatehouse Administration Center.

The General Accounting Section shall prepare a Budget Allocation Adjustment document, based on the check amounts, which establishes an allotment in the school or office index to cover the expenditure.

THE CHECK MUST BE SUBMITTED TO FINANCIAL SERVICES PRIOR TO ENTERING TIME AND ATTENDANCE.

C. Complete Time Report for Temporary Assignments, Form FS 73-42.

1. Complete and sign form FS 73-42. This form can be located at <http://www.fcps.edu/DIT/kam/docmgmt/forms/fs7342.pdf>.
2. Use the school or office index and subobject 3002 on the form.

3. Then enter hours (time and attendance) in the computer at the work location.
4. Payment shall be made as outlined in section V.

See also current versions of:

Regulation 4235 Summer Employment—Educational Personnel

Notice 4235 Summer School Employment

Regulation 4310 Authorization for and Conditions of Employment—Temporary Employees

Regulation 4630 Payment of Personnel Supporting Community Use of School Facilities

I. OVERVIEW

Not all the following calculations are required for a payment; only the employer FICA must be calculated in each case and included in the payment to the Department of Financial Services. The other formulas are intended to be helpful guides in dealing with a variety of situations.

All payment amounts are gross (before deductions for taxes) unless specifically stated otherwise. FICA-O and FICA-M are withheld at flat rates. Federal, state, and county taxes (if applicable) are withheld based on the employee's filing status.

II. WORK SHEET

A. To arrive at a flat payment amount, an hourly rate may be used.

Example: \$188.24 payment amount for position being paid for temporary assignment
Hourly rate - \$23.53
Time entered from time report (FS 73-42) = 8 hours
8 hours x \$23.53 = \$188.24 payment

B. Calculating Employer Share of FICA Taxes (to be calculated for all payments).

\$ _____ x .0765 = _____
Gross Payment Employer FICA Tax

Example: Gross payment before taxes = \$188.24 x .0765 = \$14.40 employer FICA tax
Payment to Financial Services = \$202.64 (\$188.24 + \$14.40)

C. Calculating Gross From an Amount Available for Payment.

School or office has been given \$202.64 to make payment. The \$202.64 must cover both the gross payment and the employer FICA taxes.

Calculate the gross payment by dividing the available amount by 1.0765.

Example: $\frac{\text{Available amount}}{1.0765} = \$202.64 = \$188.24$ gross payment

Employer FICA = \$188.24 x .0765 = \$14.40

Total Charge: \$202.64

A check from the activity fund in the amount of \$202.64 shall be submitted to the Department of Financial Services. Eight hours at \$23.53 per hour for a total charge of \$202.64:

\$188.24 to subobject 3002 (gross pay)

\$ 14.40 to subobject 3520 (employer FICA)

D. Calculating Gross Payment Required to Result in a Given Net Payment.

Because each employee is taxed on his or her individual tax status, you cannot guarantee a specific net (after taxes).

E. Calculating Amount of Payment to Financial Services.

1. Gross payment + employer FICA taxes = amount of check to financial services.
2. The gross payment and FICA amount shall be listed separately on the revenue memo with subobject 9567. (see sample attached)
3. If the employer share of FICA is not included in the reimbursement from the grant or activity fund, the amount shall be calculated and charged to the school or office index in subobject 3520.
4. Reminder to the school or office:
 - a. The process reimburses the local school or office index code from the activity fund. The budget adjustment to establish appropriations to cover the payment cannot be done until reimbursement is made to the Department of Financial Services. It is important to submit the reimbursement prior to submitting time and attendance against the employee's record.
 - b. For help with a calculation or a payment procedure, call the Accounting Analyst in the Office of Payroll Management at 571-423-3535.

I. OVERVIEW

An employer employee relationship exists when the person for whom services are performed has the right to control the individual who performs the services, not only the result, but also the means by which the result is accomplished.

II. REPRESENTATIVE IRS CRITERIA TO DETERMINE EMPLOYEE STATUS

A worker is generally classified as an employee if he or she meets any of the following criteria.

- A. Is required to comply with instructions about when, where, and how the work is to be accomplished.
- B. Is required to be trained by the employer or at the employer's direction.
- C. Provides services that are integrated into the employer's business or operations.
- D. Must render the services personally, not delegate work or substitute another worker.
- E. Cannot hire, supervise, or pay assistants except at the direction of the employer.
- F. Has a continuing relationship with the employer, even if part time or for a short time.
- G. Must work set hours established by the employer.
- H. Must devote substantially full time to the employer's business.
- I. Does the work on the employer's premises, especially if the work is of such a nature that it could be performed elsewhere.
- J. Must perform tasks in a sequence set by the employer.
- K. Is required to submit regular or written reports to the employer.
- L. Is paid by the hour, week, or month.
- M. Has business or travel expenses paid for by the employer.
- N. Uses tools, materials, and other equipment furnished by the employer.
- O. Lacks significant investment in work facilities.
- P. Is not in a position to realize a profit or suffer loss from services performed.

- Q. Does not work for more than one employer at a time.
- R. Does not offer services to the general public.
- S. Can be terminated by the employer.
- T. Has the right to resign at any time without incurring liability.